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# Welsh Economic Review

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The *Welsh Economic Review* is produced twice yearly, by the Welsh Economy Research Unit (WERU) at Cardiff Business School. The aim of the *Review* is to provide an authoritative and objective analysis of the Welsh economy in a manner that promotes understanding and informs decision-making. The 'core' section of the *Review* is written by members of WERU, with feature articles contributed by academics or practitioners within or outside Wales. The *Review* is circulated widely within Wales, to both private and public sector organisations, including the education sector and the National Assembly.

#### **Notes for Contributors**

Authors should send papers for potential publication in the *Welsh Economic Review* to the Editor at the address given below, preferably via e-mail in a Word for Windows format. Papers are welcome on any topic that would be of general interest to the readership, and should be written in a style suitable for non-specialist readers. Papers should be approximately 3,000-4,000 words and any graphs or figures should be accompanied by the underlying data to allow reproduction.

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# Labour Markets

## Employment

The Spring issue of the *Welsh Economic Review* reported a total of just under 1.26m persons aged 16+ in employment in Wales in January 2001 (*Labour Force Survey*). This figure included full and part-time employment and the self-employed. Latest data for the February to April quarter show this to be relatively stable.

Table 2 below shows changes to employees in employment (excluding the self-employed). The table demonstrates the broad sectoral adjustments noted in previous *Reviews*, with, for example, employment in the manufacturing sector dropping by 4.8%, and employment in services growing by 2.9%. The service sector continues to be the main source of employment growth. By March 2001 the service sector employed 23,000 more than a year earlier.

**Table 2 Employees in Employment in Wales by Sector, all workers**

	March 2000	March 2001	% change
Manufacturing	208,000	198,000	-4.8
Construction	46,000	47,000	2.1
Services	778,000	801,000	2.9

Source: Labour Force Survey

Overall, these changes in employment, summarised in table 2, represent a net gain of around 14,000 jobs over the year to March 2001, with the punishing effects of a strong pound against the Euro and potential recession in US yet to feed through to the Welsh labour market.

Table 3 provides unemployment claimant counts by age group, and shows that each category has experienced reductions in the year to May 2001. The table does not, however, demonstrate the duration of

**Table 3: Wales Unemployment: Claimant Count by age group**

	May 2000	May 2001	% change
Age band 18 to 24	14,700	14,000	-4.3
Age band 25 to 49	31,500	28,000	-11.1
Age band 50+	9,500	8,300	-12.2
<b>All groups</b>	<b>56,700</b>	<b>51,400</b>	<b>-9.3</b>

Source: Benefits Agency Administrative System

**Table 4 Wales Unemployment: Claimant Count Rates (%) by Unitary Authority area (August 2001)**

	Men	Women	People
<b>Wales</b>	<b>5.5</b>	<b>2.0</b>	<b>3.9</b>
Blaenau Gwent	10.3	3.9	7.5
Bridgend	5.7	2.0	3.9
Caerphilly	7.2	2.9	5.3
Cardiff	4.4	1.2	2.8
Carmarthenshire	6.9	2.5	4.7
Ceredigion	4.1	2.0	3.1
Conwy	6.1	1.8	3.9
Denbighshire	4.5	1.6	3.1
Flintshire	3.4	1.7	2.7
Gwynnedd	6.7	2.7	4.9
Isle of Anglesey	9.8	4.7	7.5
Merthyr Tydfil	8.6	3.0	5.9
Monmouthshire	3.3	1.3	2.4
Neath Port Talbot	6.4	3.1	5.0
Newport	5.4	1.9	3.8
Pembrokeshire	6.6	2.3	4.5
Powys	2.8	1.8	2.4
RCT	6.3	2.4	4.5
Swansea	7.0	1.7	4.2
Torfaen	5.1	1.8	3.5
The Vale of Glamorgan	5.5	2.1	3.9
Wrexham	4.0	1.7	2.9

Source: Benefits Agency Administrative System



unemployment by age. Typically for 2000/2001, two-thirds of the unemployed had been jobless for over six months.

Previous *Welsh Economic Reviews* have described the New Deal Programmes designed to help individuals into work, including the most recent scheme to aid the over-50s which was announced in 1999. However, a recent report published by Stephen Nickell (one of the four external members of the Bank of England's Monetary Policy Committee) suggests that the challenge of reducing joblessness among older, lower skilled men may require more radical measures than either the New Deal or the Working Families Tax Credit. Despite a surge in the number of jobs, male activity rates among the unskilled are increasing; a problem more serious in Britain than anywhere else in Europe, and exacerbated by increasing numbers of those with higher skills being employed in lower-skilled employment.

Table 4 shows that in North Wales, there is a strong east-west divide in unemployment, with rates in Flintshire, Denbighshire and Wrexham far lower than those in Gwynedd and Anglesey. In South Wales, there are similar divides between lower unemployment rates in Cardiff, the Vale of Glamorgan and Monmouthshire, and much higher rates in the Valleys and West Wales. A breakdown by gender shows, for example, that a claimant count rate in Swansea that is much higher than the Welsh average is driven by a relatively higher male, rather than female rate. Notably high male claimant count rates occur in Blaenau Gwent, Anglesey and Merthyr Tydfil at 10.3%, 9.8% and 8.6% respectively.

### Earnings

Table 5 below shows full-time male and female average gross weekly earnings for Great Britain, Wales and for Welsh unitary authorities. Welsh average weekly earnings continue to lag behind

those for Great Britain for both males and females. Local variations are also wide. Cardiff, the Vale of Glamorgan, Wrexham and Flintshire, feature average earnings well above the Welsh average. Neath Port Talbot, and to a lesser extent Newport, owe their relatively high average earnings to high (but declining) levels of employment in steel-making and other manufacturing. Information for female earnings has poorer sub-regional coverage. However, female earnings for Newport, which are well below the Welsh average, are a further demonstration of the 'Corus' effect extending only to male earnings. Rural areas in the west and north west of Wales are characterised by low average earning levels. One critical test for the National Assembly for Wales, and the Objective One programme, is how far such divides can be mitigated.

**Table 5 Average gross weekly earnings April 2000**

	All	Full-time Males (adult rates)	Full-time Females (adult rates)
<b>GB</b>	<b>410.6</b>	<b>453.3</b>	<b>337.6</b>
<b>Wales</b>	<b>368.1</b>	<b>400.5</b>	<b>313.7</b>
Blaenau Gwent	325.1	338.7	-
Bridgend	360.9	-	266.0
Caerphilly	362.2	369.7	348.6
Cardiff	392.4	424.1	339.2
Carmarthenshire	337.5	351.9	312.7
Conwy	313.1	350.8	-
Flintshire	395.1	427.0	315.6
Gwynedd	331.4	359.1	-
Monmouthshire	349.2	-	-
Neath Port Talbot	400.0	418.5	-
Newport	377.6	417.3	309.6
Pembrokeshire	356.4	-	-
Powys	338.2	363.1	-
RCT	359.4	388.7	312.0
Swansea	359.6	401.1	307.3
Torfaen	362.4	-	-
The Vale of Glamorgan	383.9	405.5	-
Wrexham	371.8	411.0	-

- not available      Data not available for all unitary authority areas.

**Source: New Earnings Survey**